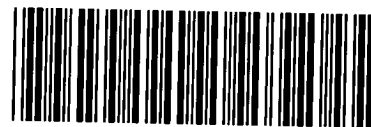


VMBS OVERSEAS (UK) LIMITED
Directors' Report and Financial Statements
Registered Number 4592813
Year ended 31 December 2018

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VMBS OVERSEAS (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

Company Registration Number:	4592813
Registered Office:	380 Brixton Road Brixton SW9 7AW London
Directors:	Noel M. Hann Courtney Campbell
Secretary:	TMF Corporate Administration Services Limited
Independent Auditor:	KPMG LLP Chartered Accountants 15 Canada Square Canary Wharf London E14 5GL

VMBS OVERSEAS (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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VMBS OVERSEAS (UK) LIMITED
Directors' report and financial statements
Year ended 31 December 2018

DIRECTOR'S REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activities of the Company are to provide representative management functions to the Company's immediate and ultimate parent undertaking, including the provision of assistance with marketing and promotional activities.

Business review

The Company continues to be profitable and to promote the business of the ultimate parent undertaking, The Victoria Mutual Building Society. No change is expected in the foreseeable future. The results for the year are set out on page 8.

Principal risks and uncertainties

The company is a wholly owned subsidiary of the Victoria Mutual Building Society. Its only activity is the provision of representative management functions for its parent, and it is wholly dependent on its parent for the financing of these activities.

Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For purpose of the financial statements, financial assets comprise cash and cash equivalents, debtors and due from fellow subsidiary. Financial liabilities comprise creditors and due to parent entity.

Exposure to credit, liquidity, and market risks arise in the ordinary course of the entity's business. The Board of Directors has overall responsibility for the establishment and oversight of the entity's risk management framework.

The risk management policies are established and implemented by the parent to identify and analyse the risks faced by the society and its subsidiaries (Group), to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The parent society, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees of the Group understand their roles and obligations.

The Audit Committee of the parent society is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the entity. The Audit Committee is assisted in these functions by Group Internal Audit, which consists of employees of the parent society and contracted external resources. Group Internal Audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

DIRECTOR'S REPORT (CONTINUED)

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £NIL).

Directors

During the year, the following directors held office:

Noel M. Hann
Courtney Campbell

None of the directors who held office at the end of the year had any interest in the Company's or ultimate parent undertaking's shares (2017: NIL).

Directors' Indemnity

There is no third party indemnity provision for Directors.

Employee

The Company had 17 employees during the year. (2017: 17).

Political and charitable contributions

The Company made no political contributions during the year (2017: £NIL). Donations to UK charities amounted to £NIL (2017: £Nil).

Policy and practice on payment of creditors

It is the Company's policy to settle all debts with suppliers on a timely basis, taking account of the credit period given by each supplier.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

DIRECTOR'S REPORT (CONTINUED)

Strategic Report

The Financial Reporting Council (FRC) Bulletin 2014/4 (April 2014) highlights that a company is entitled to the small companies exemption in relation to the strategic report for the financial year if it would be so entitled but for being a member of an ineligible group. As such, the Company has elected to exercise this exemption in relation to the preparation of a Strategic Report for this financial year.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 10 *Reduced Disclosure Framework*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By Order of the Board



Courtney Campbell
Director

380 Brixton Road
Brixton
SW9 7AW
London

March 29, 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMBS OVERSEAS (UK) LIMITED

Opinion

We have audited the financial statements of VMBS Overseas (UK) Limited ("the company") for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMBS OVERSEAS (UK) LIMITED (CONTINUED)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or;
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMBS OVERSEAS (UK)
LIMITED (CONTINUED)**

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

29 March 2019

VMBS OVERSEAS (UK) LIMITED
 Directors' report and financial statements
Year ended 31 December 2018

INCOME STATEMENT

	<u>Notes</u>	<u>2018</u> £	<u>2017</u> £
Turnover	1(d)	863,489	908,965
Administration expenses		<u>(854,939)</u>	<u>(899,965)</u>
Profit on ordinary activities before taxation	2	8,550	9,000
Taxation	3	<u>(1,625)</u>	<u>(1,724)</u>
Profit for the year		<u><u>6,925</u></u>	<u><u>7,276</u></u>

The profit on ordinary activities in the current year arises from continued operations of the Company.

There is no other comprehensive income for the year other than the profit for the year of £6,925 (2017: £7,276). Therefore, no separate statement of comprehensive income has been presented.

The notes on pages 11 to 17 form an integral part of the financial statements.

VMBS OVERSEAS (UK) LIMITED
Directors' report and financial statements
Year ended 31 December, 2018

BALANCE SHEET

	<u>Notes</u>	<u>2018</u> £	<u>2017</u> £
Fixed assets			
Tangible fixed assets	4	-	-
Current assets			
Debtors	5	<u>91,520</u>	<u>84,413</u>
Creditors: amounts falling due within one year			
Accrued expenses	6	10,700	10,205
Taxation payable		<u>1,625</u>	<u>1,938</u>
		<u>12,325</u>	<u>12,143</u>
Net current assets		<u>79,195</u>	<u>72,270</u>
Net assets		<u>79,195</u>	<u>72,270</u>
Capital and reserves			
Called up share capital	8	100	100
Retained profits	9	<u>79,095</u>	<u>72,170</u>
Shareholders' funds		<u>79,195</u>	<u>72,270</u>

The financial statements on pages 8 to 17 were approved by the Board of Directors on 29 March 2019 and signed on its behalf by:



Courtney Campbell
Director

Company registered number: 4592813

The notes on pages 11 to 17 form an integral part of the financial statements.

VMBS OVERSEAS (UK) LIMITED
 Directors' report and financial statements
Year ended 31 December, 2018

STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Retained Profits £	Total Equity £
Balance at 31 December 2016	100	64,894	64,994
Total comprehensive income for the year			
Profit after tax	-	7,276	7,276
Total	-	7,276	7,276
Balance at 31 December 2017	100	72,170	72,270
Total comprehensive income for the year			
Profit after tax	-	6,925	6,925
Total	-	6,925	6,925
Balance as at 31 December 2018	100	79,095	79,195

The notes on pages 11 to 17 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(forming part of the financial statements)

1. Accounting policies

VMBS Overseas (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 4592813 and the registered address is 380 Brixton Road, London SW9 7AW.

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosure

- a cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries of the Group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

(b) Changes in accounting policies

The Company has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January, 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(forming part of the financial statements)

1. Accounting policies (continued)

(b) Changes in accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The Company's non derivative financial assets are measured at amortised cost.

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

Transition

The Company has determined that the application of the IFRS 9 impairment requirements did not result in any changes in prior periods.

IFRS 15 Revenue from contracts with customers

The adoption of IFRS 15 did not impact the timing or amount of income from management fees contracts with customers and the related assets and liabilities recognised by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(forming part of the financial statements)

1. Accounting policies (continued)

(c) Going concern

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, in part, that the income statement and the balance sheet assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis.

The company is a wholly owned subsidiary of the Victoria Mutual Building Society. Its only activity is the provision of representative management functions for its parent, and it is wholly dependent on its parent for the financing of these activities.

The Company continues to be profitable and to promote the business of the ultimate parent undertaking. No change is expected in the foreseeable future and management believes that the going concern basis continues to be appropriate in the preparation of the financial statements.

(d) Turnover

Turnover represents management fees charged to the ultimate parent undertaking (note 12) at a mark-up of 1% (2017: 1%) on costs incurred. The Company has only one line of business and one geographic market. It is the representative office of its parent company in the United Kingdom.

(e) Leases

Operating lease rentals are charged to the profit and loss account on the straight-line basis over the lease period.

(f) Taxation

The charge for taxation is based on the profit for the year, as adjusted for tax purposes.

Deferred taxation is recognised in respect of temporary differences between the treatment of certain items for taxation and accounting purposes, which have arisen, but not reversed by the balance sheet date, except as otherwise required by IAS12.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(forming part of the financial statements)

1. Accounting policies (continued)

(f) Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(g) Non-derivative financial instruments

Non-derivative financial instruments comprise debtors.

Debtors

Debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(h) Tangible fixed assets

Items of tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses, if any.

(i) Depreciation

Depreciation is provided on fixed assets to write off the cost, less any estimated residual value of the assets, by equal instalments over their estimated useful economic lives, as follows:

Furniture and fittings	-	20% per annum
Computer and equipment	-	20% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

(j) Expenses

Costs for services provided are expensed in the year to which they relate.

VMBS OVERSEAS (UK) LIMITED
Directors' report and financial statements
Year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(forming part of the financial statements)

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	<u>2018</u>	<u>2017</u>
	£	£
Audit of financial statements of the company	4,600	4,600
Non-audit fees payable to the statutory auditor	2,100	2,100
Depreciation of tangible fixed assets (note 4)	<u>-</u>	<u>1,069</u>

Other than staff costs which are detailed in note 10, there are no other material charges.

3. Taxation

Recognised in the profit and loss account

	<u>2018</u>	<u>2017</u>
	£	£
<i>Current tax</i>		
Current tax on income for the period	1,625	1,938
<i>Deferred tax (note 7)</i>		
Origination and reversal of timing difference	<u>-</u>	(214)
Total tax charge	<u>1,625</u>	<u>1,724</u>

Reconciliation of effective tax rate:

	<u>2018</u>	<u>2017</u>
	£	£
Profit on ordinary activities before taxation	<u>8,550</u>	<u>9,000</u>
Tax using the UK corporate tax rate of 19% (2017: 19%)	1,625	1,724
Effects of:		
Deferred tax adjustment	-	(214)
Depreciation in excess of capital allowances	<u>-</u>	<u>214</u>
Total tax expense	<u>1,625</u>	<u>1,724</u>

At the year-end, there were no unutilised tax losses (2017: £NIL). The main rate of corporation tax reduced to 19% from 1 April 2017.

VMBS OVERSEAS (UK) LIMITED
 Directors' report and financial statements
Year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(forming part of the financial statements)

4. Tangible fixed assets

	<u>Furniture and fittings</u> £	<u>Computer and equipment</u> £	<u>Total</u> £
Cost			
Balance at 1 January 2015, 2016, 2017	<u>13,562</u>	<u>5,013</u>	<u>18,575</u>
Depreciation			
Balance at 31 December 2016	12,493	5,013	17,506
Charge for the year	<u>1,069</u>	<u>-</u>	<u>1,069</u>
Balance at December 31, 2017	13,562	5,013	18,575
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2018	<u>13,562</u>	<u>5,013</u>	<u>18,575</u>
Net book values			
As at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

5. Debtors

	<u>2018</u> £	<u>2017</u> £
Amount owed by ultimate parent undertaking	<u>91,520</u>	<u>84,413</u>

The amount is interest free and is repayable on demand.

6. Accrued expenses

	<u>2018</u> £	<u>2017</u> £
Audit fees	4,600	4,400
Accounting fees	<u>6,100</u>	<u>5,805</u>
	<u>10,700</u>	<u>10,205</u>

VMBS OVERSEAS (UK) LIMITED
Directors' report and financial statements
Year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(bforming part of the financial statements)

7. Deferred taxation

	<u>2018</u>	<u>2017</u>
	£	£
Provision at 1 January	-	214
Charge to Profit and Loss account in year (note 3)	-	(214)
Balance at 31 December	<u>-</u>	<u>-</u>

8. Called up share capital

	<u>2018</u>	<u>2017</u>
	£	£
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. Retained profits

	<u>2018</u>	<u>2017</u>
	£	£
At beginning of the year	72,170	64,894
Profit for the year	<u>6,925</u>	<u>7,276</u>
At end of year	<u>79,095</u>	<u>72,170</u>

10. Staff numbers and cost

The average number of persons employed by the Company during the period was 17 (2017: 17).
The aggregate payroll cost of these persons was as follows:

	<u>2018</u>	<u>2017</u>
	£	£
Wages and salaries	435,303	439,794
Social security cost	<u>33,393</u>	<u>33,630</u>
	<u>468,696</u>	<u>473,424</u>

VMBS OVERSEAS (UK) LIMITED
Directors' report and financial statements
Year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(forming part of the financial statements)

11. Directors' emoluments

Fees paid in the year to directors who are not executive Directors of the ultimate parent undertaking, amounted to £NIL (2017: £NIL). The other Directors are employed by another group company and their services to this Company are considered to be incidental to other services provided to other Group companies and as such, the emoluments would be inconsequential.

12. Immediate and ultimate parent undertaking

The Company's immediate and ultimate parent undertaking is The Victoria Mutual Building Society, registered in Jamaica at 73 - 75 Half Way Tree Road, Kingston 10. The financial statements of The Victoria Mutual Building Society are the only financial statements in which VMBS Overseas (UK) Limited's results are consolidated. Copies of the financial statements of the ultimate parent undertaking can be obtained from a fellow subsidiary company, Victoria Mutual Finance Limited, 380 Brixton Road, Brixton, SW9 7AW, London.